

# **Fiscal Year 2006 Proposed Budget Press Conference**



**Gerald R. Miller, City Manager**  
**August 12, 2005**





# FY 06 BUDGET DEVELOPMENT

## **FY 06 Budget Development Process**

- Guided by City Council Priorities
- Driven by Performance Management
- Informed by Extensive Community and Employee Outreach
- Updated Financial Strategic Plan Responds to Emergent Community, Employee and City Council Needs



# FY 06 BUDGET DEVELOPMENT

## Guided by City Council Priorities

- Reduce Crime, Particularly Violent Crime
- Improve Transportation System
- Promote Economic Development
- Environmental Stewardship
- Workforce & Business Development
- Promote Neighborhood Quality of Life
- Enhance Community Involvement
- Enhance Public Health Programs
- Quality Housing Development
- Structurally Balanced Budget



# FY 06 BUDGET DEVELOPMENT

## Driven by Performance Management

- Unprecedented Effort to Re-engineer Budget Process
- All City Manager Departments Developed Initial Strategic Business Plans
  - ✓ Program Structure
  - ✓ Performance Measures for Every Program
- All Financial Information Crosswalked to Program Structure, Recast Millions of Transactions
- Constructed New Performance-based Program Budget Format to Enhance Transparency
- Two Years of Progress in 4 Months
- Only the Beginning



## FY 06 BUDGET DEVELOPMENT

### **Informed by Extensive Community and Employee Outreach**

- Presentations at Over 40 Community Meetings
- Budget Discussions Held at Over 20 Employee Meetings
- Received Over 233 Citizen Comment Cards
- Hosted May 3 and June 21 Budget Workshops
- Hosted Budget Summit III: July 9, 2005
- Supported 8 Budget Oversight Committee (BOC) Meetings



# FY 06 BUDGET DEVELOPMENT

## Updated Financial Strategic Plan

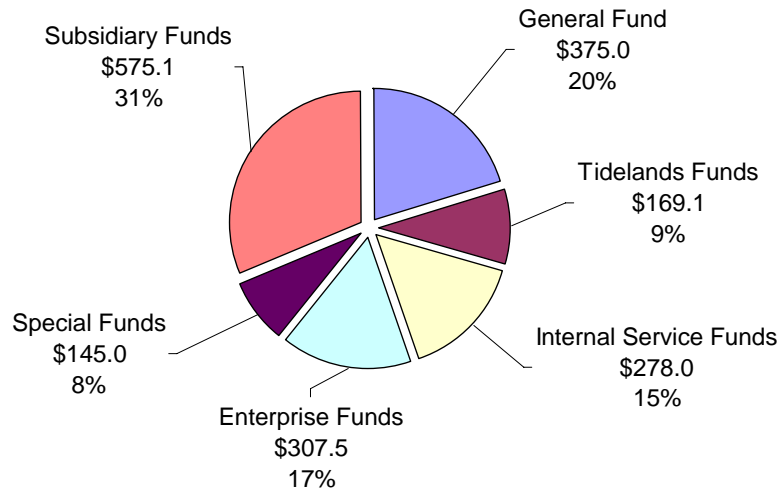
- Responds to Changing Service Delivery & Fiscal Environment
- \$22.5 million in Solutions Comprise Balanced Mixture of Cost Reductions and Increased Cost Recovery
- Extends Plan into FY 07
- Utilizes Natural Revenue Growth to Address Critical Needs
  - ✓ Addresses Overdue Public Safety Compensation Issues
  - ✓ Makes Needed Investments in Critical Infrastructure
- Incorporates Reduced Savings in Employee Compensation, Benefits and Work Practices
- \$92 million of Structural Deficit Solved in 3 Years
- \$10 million Remaining to be Solved in FY 07
  - ✓ Optimization Efforts and Performance Management are New Tools Available to Identify Solutions



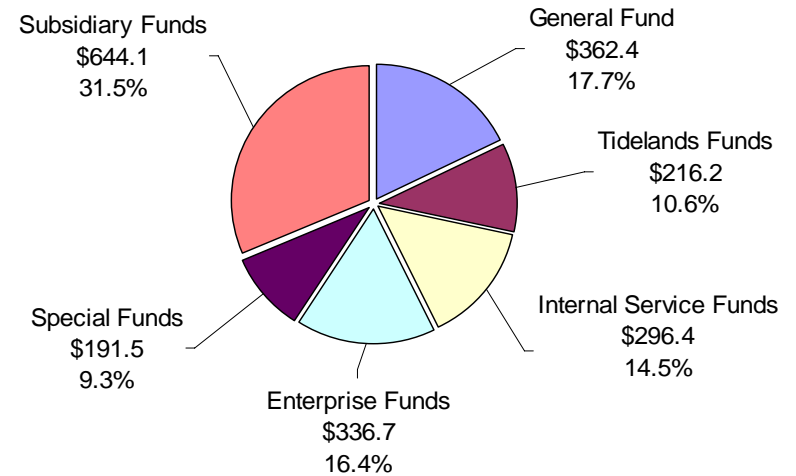
# FY 06 PROPOSED BUDGET

## FY 05 vs. FY 06

FY 05 Adopted Expenditures  
All Funds  
(Total = \$1,849.7 million)



FY 06 Proposed Expenditures  
All Funds  
(Total = \$2,046.9 million)





# POSITIONING THE CITY FOR THE FUTURE

## **Adhere to the Plan's Objectives**

- Live Within Our Means
- Balanced Downsizing of the Organization
- Support Core Community Services

## **Continually Optimize Organization**

- Improve Service Delivery
- Maximize Efficiencies

## **Utilize Performance Management**

- Focus on Results
- Align Planning, Budgeting and Performance
- Increase Accountability at All Levels of Organization





## ADHERING TO THE PLAN'S OBJECTIVES

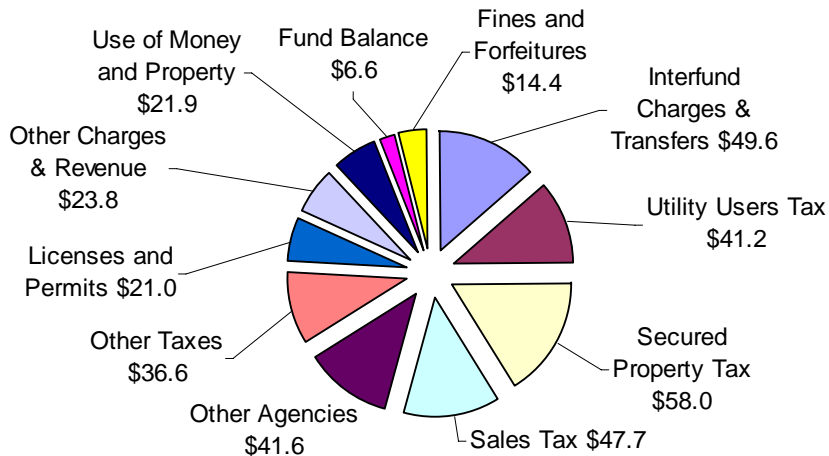
- **The FY 06 Proposed Budget is Balanced**
- **Provides \$362.4 million in General Fund Programs and Services to the Community**
- **Reduces the Structural Deficit by an Additional \$22.5 million**
- **\$92 million Solved in 3 Years (FY 04 - FY 06)**
- **Responds to Community and City Council Priorities by Providing Resources for Key Public Safety and Critical Infrastructure Investments**



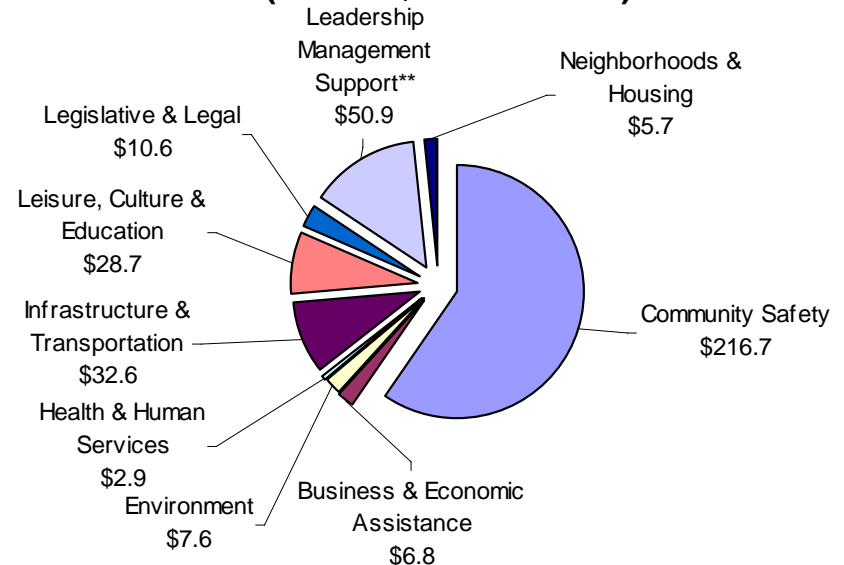
# ADHERING TO THE PLAN'S OBJECTIVES

## The FY 06 General Fund is Balanced

**FY 06 Proposed Resources  
General Fund  
(Total = \$362.4 million)**



**FY 06 Proposed Expenditures  
General Fund by Focus Area  
(Total = \$362.4 million)**



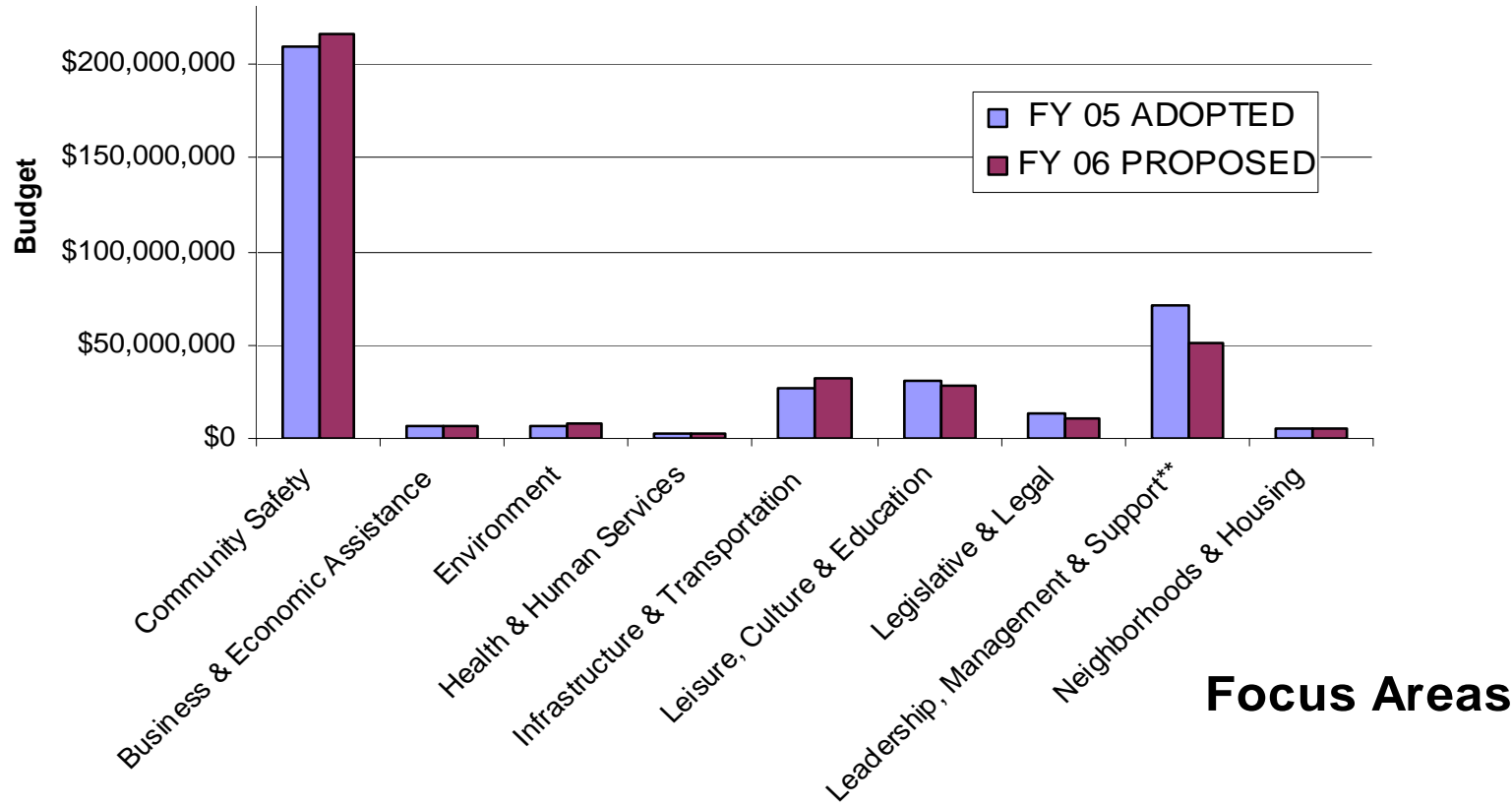
\* Includes \$10.4 million of one-time resources

\*\* **Leadership, Management & Support** includes departments' administration functions, the City Clerk and Civil Service Departments' budgets as well as the majority of budgets for: Human Resources, City Manager and Financial Management Departments.



# ADHERING TO THE PLAN'S OBJECTIVES

## General Fund Programs and Services by Focus Area



**\*\* Leadership, Management & Support** includes departments' administration functions, the City Clerk and Civil Service Departments' budgets as well as the majority of budgets for: Human Resources, City Manager and Financial Management Departments.



## ADHERING TO THE PLAN'S OBJECTIVES

### **Critical Investment: Community Safety**

- Listening to Community and City Council
- 15 New Police Officers
  - ✓ To More Fully Implement Community Oriented Public Safety Program
  - ✓ 10 Police Officers Funded Through Federal COPS Grant
- Addressing Overdue Public Safety Employee Compensation Issues
  - ✓ No Salary Increases Since 2001
  - ✓ Increase Ability to Attract and Retain High Skilled Workforce
  - ✓ Working Toward Goal of Reaching the Median Pay for Public Safety Employees
- Mayor and City Council Leadership Has Been Key to Preserving and Enhancing Public Safety in Long Beach



## ADHERING TO THE PLAN'S OBJECTIVES

### **Critical Investment: Infrastructure**

- Deferred Maintenance of Residential Streets Cannot Continue
- Condition of Streets Moving from Good/Fair to Poor/Very Poor
- Winter Storms Exposed Immediacy of Problem
- \$5 million in FY 06 for Residential Street Repair
  - ✓ \$1.4 million General Fund
  - ✓ \$1.5 million Gas Tax
  - ✓ \$2.1 million Prop 42



## ADHERING TO THE PLAN'S OBJECTIVES

### Other Investments:

- Maintain Funding for Sidewalk Repair
- Continue Americans with Disabilities Act (ADA) Improvement Projects
- Strengthen Planning Functions in the Department of Planning and Building to Keep Pace With Development Activities
- Expand Litter Abatement and Graffiti Abatement Programs
- Implement Gateway Signage Program



## ADHERING TO THE PLAN'S OBJECTIVES

- **Natural Revenue Growth Used to Support Community Safety (\$5.6 million) and Infrastructure Investments (\$1.4 million)**
- **Combined Growth in Property Tax, Pipeline Franchise Fees, Ambulance Fees, Sales Tax and Transient Occupancy Tax Will Offset Investments**
- **Only Possible Through Prop 1A Approval: Protects Local Revenues from State**



## ADHERING TO THE PLAN'S OBJECTIVES

### **FY 06 Fiscal Policies**

- Keep Organization Focused on Plan's Ultimate Objective
- Must Remain Diligent to Generate Maximum Savings
- Hiring Freeze for Non-Emergency Personnel Remains in Effect
- Spending Curtailed Until Structural Deficit is Fully Solved



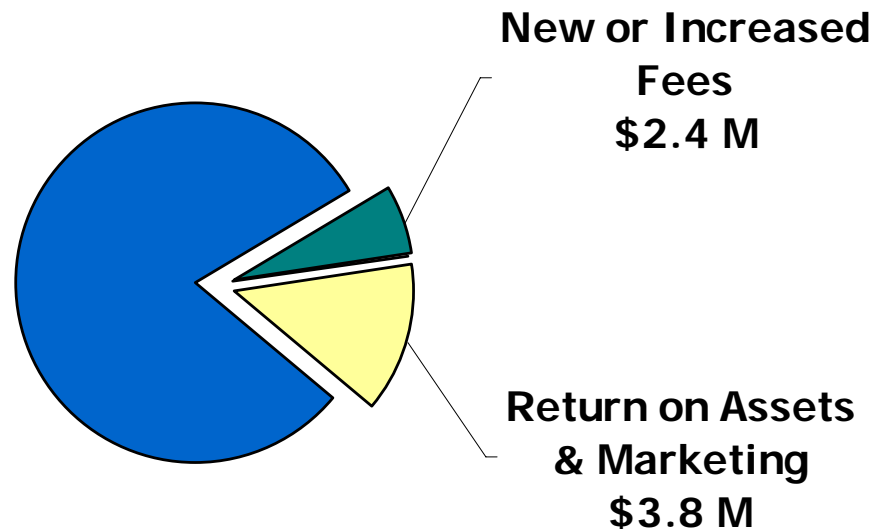


# ADHERING TO THE PLAN'S OBJECTIVES

## Cost Reductions \$16.3 million

•General Admin. & Mgmt.	\$2.1
•Employee Comp. & Benefits	\$4.9
•Contracting Opportunities	\$1.0
•Op. & Org. Changes	\$5.2
•Capital Projects/Infrastructure	\$0.2
•Maintenance Reductions	\$0.1
•Materials, Supplies & Equip.	\$0.4
•Recreation Services	\$0.8
•Library Services	\$0.7
•Public Safety Support	\$0.3
•Public Safety Emergency	\$0.0
•Arts & Cultural Programs	\$0.4
•Comm., Promotions & Special Events	\$0.0
•Business Svc. & Attraction	\$0.0
•Code Enforcement	\$0.2

FY 06 Plan Solutions  
Total = \$22.5 million





# ADHERING TO THE PLAN'S OBJECTIVES

## Original Plan (March 21, 2003) Solutions for \$90 million Deficit

•General Admin. & Mgmt.	\$11.3
•Employee Comp. & Benefits	\$23.4
•Contracting Opportunities	\$3.8
•Op. & Org. Changes	\$6.9
•Capital Projects/Infrastructure	\$2.9
•Maintenance Reductions	\$2.5
•Materials, Supplies & Equip.	\$4.8
•Recreation Services	\$1.9
•Library Services	\$0.8
•Public Safety Support	\$8.7
•Public Safety Emergency	\$1.5
•Arts & Cultural Programs	\$1.1
•Comm., Promotions & Special Events	\$0.4
•Business Svc. & Attraction	\$0.3
•Code Enforcement	\$0.7
•New & Existing Fees	\$10.4
•Return on Assets	<u>\$4.5</u>

**Total Planned \$86 M**

## Proposed Plan (August 1, 2005) Solutions for \$102 million Deficit

•General Admin. & Mgmt.	\$13.1
•Employee Comp. & Benefits	\$10.4
•Contracting Opportunities	\$3.2
•Op. & Org. Changes	\$15.3
•Capital Projects/Infrastructure	\$2.6
•Maintenance Reductions	\$2.1
•Materials, Supplies & Equip.	\$6.1
•Recreation Services	\$2.0
•Library Services	\$1.9
•Public Safety Support	\$5.1
•Public Safety Emergency	\$2.0
•Arts & Cultural Programs	\$0.9
•Comm., Promotions & Special Events	\$0.3
•Business Svc. & Attraction	\$0.3
•Code Enforcement	\$0.8
•New & Existing Fees	\$13.8
•Return on Assets	<u>\$12.1</u>

**Total Solutions \$92 M**



## ADHERING TO THE PLAN'S OBJECTIVES

### Key FY 06 Reductions

- Close City Hall East (Old Edison Building)
- Save 2 percent in Police Civilian Staffing Budget
- Reduce Community Relations Division in Police Department
- Reduce Materials, Supplies and Equipment
- Optimize Employee Health Insurance Program
- Optimize Advanced Life Support Billing and Implement Basic Life Support Program
- Close Main Library and North Branch One Additional Day Per Week
- Reduce Nature Center One Day (Open 5 Days Per Week)
- Eliminate DARE Program and North and Freeman PAL Programs
- Develop Corporate Sponsorship for Municipal Band



## ADHERING TO THE PLAN'S OBJECTIVES

- **\$92 million in Structural Deficit Solved in 3 Years**
- **\$10 million Remaining in FY 07**
- **Must Develop FY 07 Solutions Through Continued Optimization of City Services and Performance Management Efforts**



## CONTINUALLY OPTIMIZE ORGANIZATION

### Successful Optimization Efforts

- Code Enforcement
- Workers' Compensation
- Fleet Operations
- Fire Services
- Crossing Guard Operations
- City Towing (final stages)
- Reprographics (final stages)
- Ambulance Billing (final stages)



## CONTINUALLY OPTIMIZE ORGANIZATION

### Continuing Optimization Efforts for FY 06

- Employee Health Insurance
- Youth Services Master Plan
- Technology Services
- Parking Management
- Fleet Parts Room
- Advanced Life Support Billing
- Communication and Marketing
- Messenger and Mail Services
- Custodial Services



# UTILIZING PERFORMANCE BASED MANAGEMENT

## Focus On Results (FOR) Long Beach

- Planning For Results
- Budgeting For Results
- Measuring For Results
- Communicating Results
- Evaluating Results



# UTILIZING PERFORMANCE BASED MANAGEMENT

## **Focus On Results (FOR) Long Beach Will:**

- Institutionalize Optimization Process
- Involve Employees at All Levels
- Identify Solutions to Remaining Structural Deficit

## **Performance-based Program Budget:**

- Changing from an Organization Focus to a Program Focus
- Links Money to Program Performance
- Aligns the Organization's Programs With Community and City Council Priorities
- Budget Uses Ongoing Program Performance Results to Promote Resource Allocations Where Most Needed
- Work in Progress





## FY 06 PROPOSED BUDGET

### **The City is Keeping its Promises**

- Structural Deficit Reduced by \$22.5 million in FY 06
- Community Safety and Critical Infrastructure Investments
- Performance-based Program Budget

### **Council Leadership and Fiscal Discipline is Producing Results**

- \$92 million Solved in 3 Years
- City Continues to Downsize Around Core Services